

# LEGISLATIVE AUDIT DIVISION

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## **MEMORANDUM**

**TO:** Legislative Audit Committee Members  
**CC:** Janet R. Kelly, Director, Department of Administration  
Dick Clark, Chief Information Officer  
**FROM:** Dale Stout, Information System Auditor  
**DATE:** June 12, 2007  
**RE:** Department of Administration, IS Audit Enterprise IT Management Follow-up, 07SP-023  
(orig. 05DP-06)

### **INTRODUCTION**

We presented our information system (IS) audit of the Department of Administration's (DoA) Enterprise IT Management to the Legislative Audit Committee in November 2005. The report contains four recommendations. The recommendations relate to:

- ▶ A lack of commitment by DoA to the execution of the centralized management and control of information technology (IT) as required by the Montana Information Technology Act (MITA);
- ▶ No process and documentation in place regarding how DoA plans to address each section of MITA;
- ▶ No process and documentation in place as to how DoA maintains enterprise IT policies and standards and how DoA uses policies to ensure both DoA and agency compliance with MITA; and,
- ▶ DoA not coordinating with the Office of Budget and Program Planning (OBPP) to ensure that new IT investments be included in the governor's budget only if the project is included in the approved agency IT plan.

We requested and received information from the Department of Administration personnel regarding progress toward implementation of our report recommendations. This memorandum summarizes information on the implementation status of each audit recommendation.

### **BACKGROUND**

Effective July 1, 2001, the legislature enacted the Montana Information Technology Act (MITA) to facilitate effective deployment and reduce unnecessary duplication of IT resources in Montana. MITA assigns responsibility for enterprise IT management to DoA. Enterprise IT management involves coordination of the efforts, spending and resources for IT for the State of Montana. Where re resources used to address these common elements can be shared, instead of duplicated, the state benefits in savings of money, time, hardware/software and employees.

**Follow-up Discussion**

The following sections summarize the report recommendations, and the department's progress towards implementing the recommendations.

**Statewide IT Management and Control**

MITA directs the state to have centralized management and control of IT through the Department of Administration. Historically, DoA has managed state IT resources through a service-oriented approach; MITA requires DoA to take a more active approach both in terms of management and control through taking a leadership role in IT management, oversight and initiative.

After evaluating the DoA statewide IT management and control, we determined DoA takes a passive approach by offering IT management services to the agencies while allowing agency consensus to dictate direction of IT management issues. DoA does not have an established process to consistently ensure the IT planning and overall requirements of MITA are addressed and implemented. Documentation of rules, policy and procedures is minimal and inconsistent.

**Recommendation #1**

We recommend DoA commit to and execute the centralized management and control of IT required by the Montana Information Technology Act.

**Recommendation Status: Partially Implemented**

DoA has addressed its statewide IT management and control as follows:

1. DoA Management Perspective – At the time of the audit, DoA passively managed state IT resources by offering IT management services to agencies allowing agency consensus to dictate direction of IT management issues. Only select sections of MITA were being actively addressed. Currently DoA is taking a more aggressive management stance through the development of policy. They have established a MITA Planning Project and a CIO Policy Team. The MITA Planning Project is responsible for the overall approach to addressing the Enterprise IT Management audit recommendations and MITA requirements. They produce an Enterprise IT Management Audit Management Action Plan (MAP) that is kept updated and posted monthly on ITSD's web site. The CIO Policy Team's responsibility is development and management of new policies, standards, procedures, and guidelines. I have reviewed the process used in policy development and it seems reasonable and well developed. Although agency and public input is solicited for each policy, final approval and implementation is managed by DoA. Once DoA implements policies, they are posted in a public location on ITSD's web site. DoA is currently developing and planning on developing more policies and guidelines in support of MITA.
2. Chief Information Officer (CIO) Vacancy – At the time of the audit, DoA did not have a CIO; the position was temporarily filled by the deputy CIO. DoA is largely dependant upon the CIO position to guide statewide IT progress. A new CIO was hired in 2005.
3. No Active Enforcement – At the time of the audit, DoA did not actively address issues of enforcement for agency non-compliance with policies, decisions, or even the statutes established within MITA; they relied on a system of agency self-reporting. DoA is becoming less passive in enforcement by directly notifying individuals not in compliance with state policies and developing policies for IT planning which are to include language regarding IT procurement approval. DoA is in discussions regarding an enforcement policy; it will define the process used to detect violations, identify the level of violation and determine need for violation resolution elevation. The policy will also define violation impact levels and associated enforcements. There is no currently estimated time for policy completion.

**Implementation Plans**

MITA charges DoA with statewide IT resource management and control. Implementation plans would allow DoA to do so in a coordinated and thorough fashion. This overall approach would include a framework to follow to review, interpret and plan for the implementation of each element of MITA.

**Recommendation #2**

We recommend DoA develop and document implementation plans addressing each section of MITA.

**Recommendation Status: Partially Implemented**

At the time of the audit, DoA was not making an organized attempt to review, interpret and plan for the implementation of MITA. Likewise, no documentation of their approach existed. Currently DoA has documentation of how to implement the requirements of MITA resulting in an organized and consistent approach to meeting MITA requirements. I have reviewed the documentation and, although in draft form, it is reasonable and prepared in accordance with the enterprise policy "Policy for Establishing and Implementing Statewide Information Technology Policies and Standards".

**IT Process and Policy**

An IT process would allow a consistent and continued application of policy, procedures, enforcement and coordination of statewide IT resources. This will not occur without an established and documented process of using the management methods available. DoA management acknowledged a lack of an overall framework for building rules, policies, standards and other documentation for addressing MITA.

**Recommendation #3**

We recommend DoA:

- A. Establish and document the process of using policies to ensure DoA and state agencies comply with the Montana Information Technology Act.
- B. Establish and document procedures to maintain enterprise IT policies and standards.

**Recommendation Status: Partially Implemented**

DoA is charged with rulemaking; policy and standard establishment; and enforcement, in conjunction with the statutory requirements of MITA. As of the time of the audit, DoA had made minimal progress in construction of such a framework. There was no documented process defining how DoA used management methods and documents to ensure statewide compliance with MITA including: writing policy, standards, enforcement guidance; rulemaking, communication and dissemination of the aforementioned documents; or the approval of IT plans and IT procurements for the agencies. It is important to document policies and procedures used to implement statutes as well as any interpretations or discretion of how or when a specified statute or policy would be applied or enforced. DoA also did not have a process to ensure policies were consistent and clear. Further, they did not have procedures to maintain and periodically review and update policies to ensure consistency, applicability and effectiveness. Currently DoA is developing policies and standards according to a documented process to ensure consistent applicability, enforcement and effectiveness. I have reviewed this process and it seems reasonable; it also ensures each policy complies with the MITA requirements. Although policies in place before the audit (legacy policies) have not been reviewed, they may be reviewed, changed and replaced as part of new policy issuances. Plans are in place to review any legacy policies not reviewed during new policy issuance.

**Lack of Coordination with the Budget Office**

MITA requires coordination between DoA and the Office of Budget and Program Planning (OBPP) to evaluate budget requests that include IT resources and ensuring new IT investments can only be in the governor's budget if the project is included in the agency's approved IT plan. At the time of the audit

OBPP only evaluated new budget requests of \$300,000 or more related to IT expenditures; MITA requires DoA to “coordinate with the office of budget and program planning to evaluate budget requests that include information technology resources.” MITA also requires that new IT investments can be included in the governor’s budget if it is contained in the approved agency information technology (IT) plan. OBPP was not sure if they were receiving approved agency IT plans to ensure IT expenditures were included in approved agency IT plans before including the expenditures in the Governor’s budget.

Recommendation #4

We recommend DoA coordinate with the Office of Budget and Program Planning to enforce the statutory requirement that new IT investments be included in the governor’s budget only if the project is included in the approved agency information technology plan.

Recommendation Status: **Partially Implemented**

DoA, in conjunction with OBPP, has developed a process for budget reviews. This process appears reasonable and involves establishing criteria defining a major new IT investment, reviewing major IT investments in agency budgets on a biennial basis and ensuring the investments are in agency IT plans. DoA is also developing a policy regarding IT planning; when this policy is released, requirements will be established for agency IT plans to be adjusted before new IT procurements will be approved. I reviewed a draft plan for the policy and it seems reasonable; however the plan is in draft form and may change before the policy is implemented.